



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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October 1, 2010

Board of Supervisors
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To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", written over a horizontal line.

AMENDMENTS TO PROPOSITION A DIETARY SERVICES AND NON-PROPOSITION A CONCESSION SERVICES AGREEMENTS (ITEM NO. 14, AGENDA OF SEPTEMBER 7, 2010)

On September 7, 2010, on motion of Supervisor Ridley-Thomas, your Board approved a recommendation from the Department of Health Services (DHS) Interim Director regarding extension of contracts for dietary and concession services pending completing of a request for proposal (RFP) process, as amended to:

1. Instruct the Chief Executive Officer and DHS Interim Director, in consultation with County Counsel, to report back on the viability of including a local worker hiring requirement. This local worker hiring component would require that a significant portion of any employees hired under the final contract be Los Angeles County residents, a portion of whom are disadvantaged workers who are either low income, homeless, a custodial single parent, receiving public assistance, lacking a high school diploma, a former foster care or probation youth, or suffering chronic unemployment;
2. Instruct the Chief Executive Officer and Auditor-Controller (A-C) to review the living wage rate to be paid under the contract to ensure it has been appropriately adjusted to reflect the rising cost of health care benefits, in compliance with Los Angeles County's living wage ordinance;
3. Instruct the Chief Executive Officer and DHS Interim Director to consult with the Department of Public Health (DPH) Director to ensure the dietary requirements within the final contract promote healthy nutrition and comply with previously adopted Board policies; and

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4. Instruct the Chief Executive Officer to report back to the Board in 30 days.

Based on collaboration with the departments listed above and the Internal Services Department, this memorandum provides responses to this Board Order.

Local Worker Hiring Program

Due to the range of service contracts in the County with multiple year durations, various vendor and employee requirements related to experience, licensing and certifications, a local hiring program requirement in future County service contracts is viable, but might be difficult to implement.

Similar to existing County programs that require prospective contractors to consider Greater Avenues for Independence (GAIN), and General Relief Opportunities for Work (GROW) participants for any future employment openings, a local hiring component can be added to County solicitations that encourages or requires contractors to consider or to make a good faith effort to recruit new employees who are residents of Los Angeles County in both skilled and unskilled service contract positions.

As part of a bid or proposal, potential contractors could attest to a willingness to conduct outreach for skilled and unskilled workers who are residents of County of Los Angeles. The outreach efforts should include coordination with the affected regional offices of the State of California's Employment Development Department (EDD). These offices provide a comprehensive range of employment and training services in partnership with State and local agencies and organizations. EDD services benefit job seekers, laid off workers, youth, veterans, and employers.

Where not otherwise prohibited by Federal, State, or local law or the terms of Federal, State, or local funding agreements, each contract solicited for services and managed by a County department could contain a provision that requires the contractor, and any subcontractor, to each use its good faith efforts to employ local workers to perform services under the contract.

In this process, contractors would be required to provide documentation of their good faith efforts to the County department conducting the solicitation.

Concurrently, it would also be prudent for departments to capture demographic information at the time prospective contractors submit a bid or proposal, and also require them to consider hiring qualified residents of Los Angeles County for future job openings. Bidders and proposers are currently required to submit a "Request for

Local SBE Preference Program Consideration and CBE Firm/Organization Information Form” with their response to County service contract solicitations. The form requests demographics on the firm’s employees regarding their race/ethnic composition and gender. In order to capture data on how many of their current employees are residents of Los Angeles County, the existing form could be revised to request that information.

The local worker hiring program would not be intended to discriminate against or give preference to any particular group based on race, color, gender, sexual orientation, age, or disability.

Living Wage Adjustment

The proposed dietary service contract does include the current living wage of \$11.84 per hour, or \$9.64 per hour with contractor-paid health insurance which compiles with the living wage approved by your Board in February 2007. As instructed, every year the A-C updates the living wage calculation and reports the results to your Board, via the Office of Affirmative Action Compliance’s (OAAC) Annual Living Wage Report. This year OAAC issued their Annual Living Wage Report in February 2010. The table below is an excerpt from OAAC’s report and provides information of the most current living wage calculation.

Description	Current Hourly Rate	New Hourly Rate**	Variance	Percentage Change
Hourly rate with insurance provided by contractor	\$ 9.64	\$9.31	\$ -0.33*	-3.41%
Cost of health insurance	\$ 2.20	\$ 3.09	\$ 0.89	40.66%
Hourly rate without insurance provided by the contractor	\$11.84	\$12.41	\$ 0.57	4.78%

**The decrease is due to a reduction in the minimum gross earning a participant would need to earn living in a household of three to become ineligible for cash assistance under CalWORKS program.*

*** This column represents the calculated rate as published in the February 2010 OAAC Annual Living Wage Report.*

The A-C plans to complete their next living wage update in December 2010 and the results will be reported to your Board by OAAC via their next Annual Living Wage Report. Should your Board make a determination to enact an adjustment in the living wage rate based on this information, the adjustment would apply prospectively to new Proposition A and cafeteria services contracts executed on, or after, the effectuation of the adjustment.

DHS Dietary Services Contract

As discussed in the Board meeting of September 7, 2010, DHS has completed the proposal evaluation process and negotiations with the top ranked proposer. The recommendation for contract award is expected to be submitted to your Board for approval once the protest process is completed. In the event a local worker hiring and/or a living wage increase requirement was applied to the dietary services solicitation, it would represent a material change in the scope of the RFP that would necessitate cancellation of the RFP and a re-solicitation with the additional requirements.

The proposed new contract for dietary services will cover the provision of dietary services to inpatients and outpatients at DHS' four major medical centers and Martin Luther King, Jr. Multi-Service Ambulatory Care Center, as well as concession and vending services. As instructed, DHS consulted with DPH regarding the provision of these services to ensure the proposed contract promotes healthy nutrition.

DPH's specific guidelines include ensuring that the price of water and the healthy food options does not exceed the price of other menu selections, as well as limiting the size of sugar-sweetened drinks and reducing the amount of sodium in foods. Concession cafeteria and vending machine services are provided in accordance DPH's guidelines for the benefit of visitors, family members, and staff. While dietary services will, at a minimum, meet DPH's guidelines, it should be noted that such services will be based on clinical decision-making for each patient by licensed providers, including physicians and registered dietitians. In determining dietary service needs, recommendations by licensed providers are governed by several organizations including The Joint Commission, Title 22, and the American Dietetic Association.

The proposed contract incorporates all previously adopted Board policies.

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Should you have questions regarding this memorandum, please let me know or your staff may contact Ellen Sandt at (213) 974-1186, or via email at esandt@ceo.lacounty.gov, or Sheila Shima at (213) 974-1160, or via email at sshima@ceo.lacounty.gov.

WTF:BC:MKZ
FC:JH:ib

c: Executive Office, Board of Supervisors
 Auditor-Controller
 County Counsel
 Department of Health Services
 Internal Services Department
 Department of Public Health
 Office of Affirmative Action Compliance